happy reward, as I trust, of our mutual cares, labors and dangers.

GEO. WASHINGTON.

UNITED STATES,
17th September, 1796.

The PRESIDING OFFICER. The Chair thanks the Senator from Virginia.

Mr. BYRD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent the order for the quorum call be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MURKOWSKI. Mr. President, I congratulate my colleague from Virginia on the reading of George Washington's Address. I listened carefully. I think we all share the thought and vision expressed in that address when it was first made. Each year it has been repeated, and being part of that tradition adds to the stature of our new Senator from the State of Virginia. I am pleased to have listened attentively to his reading.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. MURKOWSKI. I am happy to yield.

Mr. BYRD. Mr. President, I wish to associate myself with the remarks of the distinguished junior Senator from the State of Alaska concerning the meaning of the address and its eternal and continuing truths. We would all do well to listen annually to the reading of this address. I thank the distinguished junior Senator from Virginia for his eloquence and for his reading of the message this morning.

I am only sorry more Senators have not attended this important occasion. That is nothing new. I have, I think, attended the reading of the Farewell Address of our first and foremost and greatest President, George Washington, for many years. I try always to attend if I am in the city, and it goes without saying that I am generally here at this time.

I always get something new out of listening to this address. I only hope in the future our colleagues and our joint leadership will attempt to attend and encourage the attendance of all Senators to the reading of this address.

I close by thanking my colleague, Mr. ALLEN, again. I thank the Senator from Alaska.

Mr. MURKOWSKI. Mr. President, let me also comment on the statement of the senior Senator from West Virginia, who clearly leads the way of all Senators as the historian of this body.

Reminding us that each time he has learned something new and takes a new appreciation of that with him is something we can all reflect on in our own lives so we, through our own contribution, can make things just a little bit better for someone somewhere—even our children and grandchildren.

Mr. BYRD. I thank my friend.

MORNING BUSINESS

The PRESIDING OFFICER (Mr. NELSON of Nebraska). Under the previous order, there will now be a period for the transaction of morning business not to extend beyond the hour of 4 p.m. Under the previous order, the time until 2:30 p.m. shall be under the control of the Senator from Alaska, Mr. MURKOWSKI. The Senator is recognized.

NATIONAL ENERGY SECURITY

Mr. MURKOWSKI. Mr. President, I am going to be introducing today legislation which has been forthcoming for some time. The legislation is the specific energy bill that has been worked on by a number of my colleagues and professional staff on the Energy and Natural Resources Committee. As a consequence, what we have here is a comprehensive bill that will be introduced twice because one version will go to the Energy and Natural Resources Committee and that will be titles 1–8; and another version with the entire text, titles 1–9, will be referred to the Finance Committee.

Mr. President, this legislation is sponsored by myself and Senator BREAUX. It is bipartisan legislation. Included as original cosponsors are Senator LOTT, Senator VOINOVICH, Senator DOMENICI, Senator CRAIG, Senator CAMPBELL, Senator THOMAS, Senator SHELBY, Senator BURNS, and Senator HAGEL.

The purpose of the bill specifically is to protect the energy security of the United States and to decrease America's dependence on foreign oil sources to 50 percent by the year 2001 by enhancing the use of renewable energy resources, conserving energy resources, improving energy efficiency, increasing domestic energy supplies, improving environmental air quality by the reduction of emissions from air pollutants and greenhouse gases, and decreasing the effects of increases in energy prices on the American consumers as well.

I would like to talk at some length this afternoon on what comprises this particular legislation. I am going to be referring specifically to the items in the comprehensive energy bill which is the National Energy Security Act of 2001.

I think it is fair to say we all have taken energy for granted for far too long. Yet now, with a weakening economy, increasing energy costs, and regional shortages, we are much more aware of the reality that we have really not had a real energy policy for most of the last decade—something we just took for granted—and suddenly we are seeing the spirals, we are seeing the shortages, and we are becoming concerned.

I think it is also fair in most cases to understand that energy is one of those nebulous things that is really so important that it is often overlooked. It grows our food, heats and cools our homes, and powers our electronic world. It is really what keeps us alive.

We have fought over energy. We just came back from the Persian Gulf war. Wars have been fought over energy. Billions of dollars are spent just to ensure that we have access to energy in various forms.

Our continued economic prosperity depends on a clean, secure, and affordable energy supply. It is for this reason that I rise today to introduce the National Energy Security Act of 2001.

What we put before the Senate today is a balanced portfolio of energy options, and to begin debate on these important issues.

Let me advise the President that by no means is this intended to be the package necessarily of comprehensive energy legislation that will ultimately come out of the committees of jurisdiction—the Energy and Natural Resources Committee and the Finance Committee—and onto the floor.

The purpose of the legislation is so that we can begin the debate on the important issues to determine just what kind of energy policy we should have in this country.

I should also mention that this particular legislation as proposed does not have the input of the new administration. They have only been in office for about 5 weeks. It is my understanding that an energy task force has been put together, by the order of the President, with the responsibility given to Vice President CHENEY. They anticipate having an energy policy developed within 45 or 60 days. Undoubtedly, the input from the administration is going to be a necessary additive to the ultimate debate, and legislation will be forthcoming.

During the last decade, the United States has lost control of its energy future. At no time in our history have we relied upon others for more of our energy supplies while producing a smaller percentage of the energy we consume.

Ten years ago, the U.S. imported less than half of the oil it consumed; today, that has increased to nearly 60 percent. Meanwhile, other types of energy have been made more difficult to produce, more difficult to deliver, and more difficult to use.

The rapid growth of the Internet and the ''dot-com'' economy during the 1990s led to significant increase in demand for energy. Yet, despite this increase in demand, domestic production of all forms of energy has remained flat over the last four years.

The impacts on the American consumer have been clear: higher energy

prices, less economic growth, and less prosperity for all.

We can take a lesson from history. The lack of a coherent energy policy has led to the greatest energy price volatility since the energy crises of the 1970's.

For much of the past two years, global supply of crude oil has been nearly equal to global demand. As a result, crude oil prices have increased from $8.50 two years ago to near $30 today. We have seen the domestic development of oil in the United States drop proportionately. It is rather interesting to note, however, the development of the OPEC cartel and the discipline that has been evidenced by that group in the last several months as they have dropped the supply from time to time to ensure that the price remains between that ceiling and floor of $22 to $28, and by controlling production they can keep that price range.

Last summer, consumers faced gasoline price spikes in the Midwest as refineries were unable to keep up with demand. Gas prices over $2 per gallon were the norm.

As refineries were operating at capacity to produce gasoline, they were unable to produce the heating oil we needed for the winter. We faced a heating oil shortage, particularly in the Northeast.

Many consumers turned to natural gas to meet their winter heating needs, but expansion in gas-fired power plants has strained supply. We've seen natural gas prices increase from $1.80 per 1,000 cubic feet two years ago to over $10.00 in recent weeks.

And most recently, we've seen the consequences of inadequate electricity supply in California—no new power plants in 10 years—blackouts, elevators stuck, traffic lights off; and schools, fertilizer plants, plastic and computer chip makers were all affected.

Fertilizer plants refuse to make urea. They are now selling it. Urea is a by-product of gas. We are seeing aluminum companies, rather than produce aluminum, sell their electricity.

All of these energy ''crises'' have a common cause: Supply of energy simply isn't keeping pace with demand in spite of our efforts at conservation.

With the economy on its longest joyride in history, policy makers chose not to check the fuel gauge. Our tank now almost empty, and our economic engine is sputtering. It is time to make tough choices. Add fuel to the tank.

The time has come for a sound national energy policy—one that uses the fuels of today to yield the technologies of tomorrow.

Our national energy plan—the National Energy Security Act of 2001—has at its core three fundamental goals:

Increased supply of conventional fuels—oil, coal, gas, nuclear.

We do it more efficiently and with the latest technology that provides cleaner utilization of these sources of energy.

Second, improve energy efficiency and conservation. We have the technology for clean coal. We have the utilization of nuclear. We just need to address what to do with the waste.

Third, expand the use of alternative fuels and renewable energy. We have this capability. Unfortunately, renewables and alternatives take a very small percentage of our energy mix—less than 4 percent. We have spent some $6 billion in research. We are going to have to spend more. But we simply cannot rely on alternatives and renewables. We have to go back to the basic sources of our energy—our oil, our coal, our gas, and our nuclear.

What does this legislation do? Some have called this an ANWR bill, but it is far more than that. I will talk about that a little later. But I hope my colleagues will look closely at this legislation and see that it is an attempt to have a balanced approach to meet our energy needs.

These new programs and incentives will help us to find, develop, deliver, and conserve all our domestic energy resources. In doing so, we will reduce our reliance on foreign oil to less than 50 percent by the year 2010 to protect our energy security. That is a goal of this legislation. It will not eliminate our dependence, but it will simply reduce it.

How do we do that? We do that by an expansion of our conventional sources of energy—our coal, our oil, our natural gas, and our nuclear, and using our technology to achieve it. Our objective is to provide the energy our economy requires for continued growth.

Again, we can improve the environmental quality of these fuels by investing in advanced research and development programs and providing tax incentives for developing new, cleaner, more efficient technologies. We encourage new investment in energy infrastructure, transmission lines, natural gas pipelines, and drilling equipment. By doing so, we get the best technology out of the market. We have that technological capability, and we take steps to ensure the reliability of the Nation's electric power supply so critical for today's new economy.

We also provide new programs and incentives to expand the supply of renewable energy at home and alternative fuels in our automobiles.

A robust domestic energy industry—both fossil and renewables—helps to keep energy prices stable and affordable. I think you would agree, Mr. President, that is good business. And it is good for the consumer. But it is more than just supply.

Our legislation is not only about supply, as some would have you think. We also focus on using energy more efficiently.

Our legislation expands funding for the weatherization and LIHEAP energy assistance programs. It provides assistance to lower monthly energy bills and protects consumers and low-income families. We encourage State and regional energy conservation programs to minimize the effects of regional shortages in energy supply like the kinds we have recently seen in California.

This legislation includes several new incentives for energy-efficient homes, appliances, and vehicles to conserve energy resources and improve efficiency.

Finally, we provide new incentives for emerging distributed energy technologies that can provide reliable energy for business needs and combined heat and power technology to use waste energy more efficiently as space heating.

This new national energy strategy makes good economic sense. It protects consumers and low-income families against higher monthly energy bills. It reduces the likelihood of price spikes that can wipe out a company's profits or a family's savings overnight. It keeps the heat and lights on for the Nation's factories, homes, and businesses, and maintains economic growth.

It is also good from the standpoint of the environment. It makes good environmental sense, with cleaner, more efficient use of energy using new technologies and fewer air pollutants and greenhouse gases.

The ''wild ride'' in energy markets over the past 2 years has made our energy challenge very clear: We need to establish a sound national energy policy to ensure clean, secure, and affordable energy supplies. This policy must use all our fuels—fossil and renewables—to meet those needs, as well as conservation and alternatives.

The legislation we have introduced today is the first attempt to articulate the elements of a sound national energy strategy. Other elements we must also address separately are access issues, regulatory reform, nuclear waste, and climate change. But we must start now. I look forward to working with the President and my Republican and Democratic colleagues to enact this legislation into law.

This morning we opened this effort with a press conference. It was rather interesting to note some of the questions that were posed relative to the legislation Senator BREAUX and I, along with Senator LOTT and others, have introduced.

There was the question of, how much is this bill going to cost? Unfortunately, the Joint Tax Committee has not given us a figure. We expect that within 10 days. But it is a lot cheaper than not doing anything, if you will. And that is where we have been for far too long.

Another question was about, how important is the ANWR, the Arctic National Wildlife Refuge? Developing a national energy strategy is really a team effort. ANWR is one of the best players on that team because it is the one area where the geologists have said there is likely to be a major oilfield of gigantic proportions, somewhere in the area of 10 billion barrels and perhaps as much as 16 billion barrels. What does that mean? Well, 16 billion barrels would be what we would import from Saudi Arabia for a 30-year period of time. We do not believe we can afford to leave that source on the sidelines. We believe we have the technology to do it safely. Some have asked, how will this bill provide relief in California? There is certainly no immediate solutions to the California situation. California, unfortunately, became dependent on outside sources. I think there is a bit of a parallel there. I understand California is currently importing about 25 percent of its energy from outside the State. As a consequence, California has become vulnerable because they have not developed their own sources of energy. They prefer to buy it from other States that have surpluses.

Without going into the inefficiencies of deregulation—which was really not a true deregulation when you maintain a cap on retail prices—it is fair to say there is a situation where, in the sense of our increased dependence on imported oil, we are too dependent on outside sources. As a consequence of that, I think we are certainly vulnerable to price hikes for oil as well.

So I think that as we look at the California situation, we should recognize the exposure we have here in the United States on our increased dependence on oil, which is about 56 percent.

The question came up: What comments have we gotten from the administration? President Bush recognizes the need for a national strategy. Vice President CHENEY has been leading a task force to develop their own initiatives. It is my understanding that effort is going to be completed in about 45 days. So we look forward to incorporating their comments into our ongoing work at the appropriate time.

We have had meetings with our colleagues over in the House, Congressman TAUZIN and Congressman BARTON. And we have had a very positive response relative to the manner in which we hope to bring this legislation through the House and Senate.

Now, when will we have a vote on this? Obviously, it is going to the committees of jurisdiction for hearings—the Energy Committee and the Finance Committee. But what we wanted to do is get the debate started on the entire bill so we can move through the committee process and, hopefully, to the floor at a later date.

Some have said this bill calls for more nuclear power, and will this require an accelerated program for nuclear waste storage? We need to use all our domestic resources. Inasmuch as nuclear contributes about 20 percent of the total electric energy in this country, it is important that we continue our efforts to try to resolve what to do with the nuclear waste.

As you know, Mr. President, we were one vote short in the last Congress of overriding a Presidential veto. The difficulty with the nuclear waste issue is no one wants the waste. As a consequence, as we pursue our efforts in Nevada to develop the Yucca Mountain site, there is a noted lack of support from the Nevadans.

That is understandable, yet that waste has to go somewhere. As we look at some of the technology that has developed over the years, we find the French have addressed, through the vitrification process, the recovery of plutonium, putting it back in reactors, burning it, and basically getting rid of that proliferation. We don't seem to be able to do that in this country. Maybe we should give more thought to it.

There has been a question brought up about providing some short-term changes such as increasing CAFE standards in the legislation. We think we have addressed this because we have, as far as CAFE standards, put the burden on the Federal Government to have its vehicles pick up about 3 additional miles to the gallon, and that is a good place to start before we dictate to the American public any mandates with regard to this. It is fair to say that if it works for the Government, then the Government ought to lead the way.

There are some other points I will bring to the attention of the Senate at this time relative to the state we are in. This came about as a release last week from the Center for Strategic and International Studies, a well-renowned defense and foreign policy think tank here in Washington. It includes scholars, both moderates and conservatives, from both parties, and their conclusion in a three-volume, 3-year effort entitled ''Geopolitics of Energy into the 21st Century.''

The new study predicts that the U.S. and other industrial nations will become increasingly dependent on oil from the Middle East in the next 20 years and will need the region's most unstable countries—Iran, Iraq, and Libya—to raise their output. I wonder, at what price to the U.S.

Furthermore, I refer to a Wall Street Journal article on February 15 and an AP article of February 14 on the same subject, indicating that global demand will grow sharply over the next two decades. The oil will come from areas with increased risk of supply interruptions. Further, it states, by 2020, half of all petroleum used by the world will be met from countries that impose a high risk of internal stability. World energy demand will increase by 50 percent, and at some point developing countries, led by China, will begin to consume more energy than the developed countries.

Mr. LOTT. Mr. President, if the Senator from Alaska will yield, I came to the floor to commend and congratulate the distinguished chairman of the Energy and Natural Resources Committee for his work on this very important legislation. It is overdue. It is very broad, comprehensive legislation that is designed to address this problem. I think he should be recognized for the effort he has put into it.

This is a bill that has been developed in a bipartisan way with all different views and regions of the country reflected in various components of the bill. I acknowledge that.

I ask the Senator, when does he expect there will be some input from the administration, and how does he plan to proceed in terms of committee hearings and when he might actually get legislation ready for the Senate to consider?

Mr. MURKOWSKI. I appreciate that inquiry. As I believe the leader recalls, the President has appointed Vice President CHENEY to form a task force developing an energy policy for the administration. That task force has been at work for some time. My understanding is they should have this ready in about 45 days.

I am most appreciative of the Senator's cosponsorship, along with that of Senator BREAUX. This is a bipartisan package. It will go to the two committees of jurisdiction—the one I chair, the Energy and Natural Resources Committee, and the other is the Finance Committee. We will begin hearings as soon as I have had an opportunity to sit down with Senator BINGAMAN and find some mutually compatible dates. We intend to move on this and get the debate started because, as the Senator knows, it is a very comprehensive piece of legislation. There is going to be a lot of input into it. There are certain things we have to get done, and we need an estimate from Joint Tax.

This legislation is meant to stimulate new technology, to provide incentives for the small independents, the stripper wells, so we can keep those people going when the prices decline. It is not addressed to the large oil companies that can fend very well for themselves.

Mr. LOTT. I thank the Senator for his response. I asked so I could have some plan as to when we might bring it to the Senate. I hope that certainly in June or July of this year we would be able to get to it.

Let me ask the Senator another question. I don't want to take up all of his time. I would like to have some brief time to make some remarks of my own. I believe we are importing now 56 percent of the oil needs of this country.

Mr. MURKOWSKI. That is correct. The largest increase is now coming from Iraq, from Saddam Hussein. Remember, we fought a war over there in 1991.

Mr. LOTT. That is right. When I go around the country, I find there are a number of States with additional oil that could be used if we could get it out of the ground. It is not being used. There are a lot of areas of the country, such as my own, where we have a substantial supply of natural gas but there has not been an incentive or incentives for us to convert to natural gas, which is clean burning and has been a cheaper source of energy, even though, because of all the demand, it has been going up.

I found, when I was in Kentucky last week, there is substantial progress being made in clean coal technology that we could make better use of coal. In my own State, we have a nuclear plant but no place to put the nuclear waste. When I go out west, I see other sources being used. Wind is one example. The list is endless of the potential we have in this country. Yet we are not using it.

I wonder if the American people think we have a shortage of energy supply. I ask the distinguished chairman of the Energy and Natural Resources Committee, do we have a shortage? If we don't, why are we importing 56 percent of our energy needs from the OPEC countries of the world? I think this is totally indefensible.

Mr. MURKOWSKI. I think our national energy security interest is at risk. We fought a war over there to keep Saddam Hussein from invading Kuwait or going into Saudi Arabia. At what point do we compromise our national security? I think if we see fit to fight a war over it, it is pretty important. As the Department of Energy predicts, in the year 2006 or 2007, we will be in the high 60s, 60-some-odd-percent dependent on imports.

We have tremendous reserves in the Gulf of Mexico. We have reserves in the overthrust belt in my State of Alaska and tremendous resources of natural gas in Mississippi and Alabama, Texas, Louisiana. We have these resources. We have the technology to develop them safely. We have had a difficult time, perhaps, convincing the environmental community that we can make a smaller footprint. We can do a better job. And we have the American ingenuity and commitment to do it, if given the opportunity.

Many of these areas have been closed for exploration and development.

Mr. LOTT. Mr. President, as I go around the country and around my own State, more and more people are bringing this subject up to me. People are complaining about gasoline prices. They are complaining about their electricity bills or their natural gas bills. Out in the real world people seem to be concerned about it and mad about it, but when I come back here, I don't get the sense of urgency. In fact, there are a lot of people who seem to think all we need to do with our energy problem is provide more incentives to weatherize our houses, which is fine, and provide more money for the Low Income Home Energy Assistance Program, money that we give to low-income individuals to meet their heating and air-conditioning costs.

Now, I emphasize that while those are both fine in this bill, they are not an energy policy. The answer to the energy shortage is not for the Federal Government to pay the additional cost of not having an adequate supply.

So I commend the Senator for including those provisions in his bill. It is comprehensive. He has more incentives for exploration and conservation, for alternative sources, and for low-income needs. I look forward to us actually getting to the floor and having a full debate and amendments.

If we complete this year not having passed a major national energy policy bill, it is going to be a big mistake, a tragedy. I think it is the biggest threat to our future economic prosperity. If we don't do this now, we could be in danger because there won't be the power to run Silicon Valley or new automobile manufacturing plants or anything else. There will be shortages, and that will be a mistake for our future economy.

I thank the Senator for yielding. I wanted to engage in a little bit of a discussion about when we are going to take this up.

Mr. MURKOWSKI. Mr. President, I appreciate the remarks of the majority leader. I thank him for his commitment and enthusiasm to make sure this legislation is of the importance that it obviously is as we look at the situation in California. We just recognize, for example, we have huge resources of coal in this country—huge resources. We have the technology to clean that coal and reduce emissions. We haven't built a new coal-fired plant since the mid-1990s. Why? We could not get a permit, for all practical purposes. All the emphasis has been on natural gas.

If you are going to generate electricity, you get natural gas. It is becoming short in the sense that our reserves that are attainable are being pulled down very rapidly. So we are going to have to find, if you will, new reserves. We have the Gulf of Mexico, with the technology, drilling in 3,000 to 6,000 feet of water. While there is a risk associated with that, they have new technology virtually reducing that risk to a large degree, so it is manageable. I think we have to convince our environmental friends we do have the technology to make the footprint smaller, to do a better job, and to get on with the reality that we can't conserve our way out of this energy crisis. We have to simply produce more energy and sustain ourselves with new technologies, renewables, alternatives, and we have to conserve.

Nevertheless, when you talk about solar panels, in Alaska, sometimes it gets dark in the winter for a long time. The wind doesn't always blow like it does in Washington, DC, or sometimes in this Chamber. Nevertheless, when you and I leave here, we have to have jet fuel in that airplane, not hot air. I think it affords us the responsibility that we have to come up with some meaningful legislation.

If the majority leader would care to speak at this time, I am happy to yield the floor on this matter. I would appreciate being recognized upon the conclusion of his remarks.

Mr. LOTT. Mr. President, today's fuel prices are a daily reminder that America is now at the mercy of foreign oil producing nations. America's dependence on foreign oil directly threatens our national security and our freedom. However, before you blame your neighbor's SUV, your local fuel distributors, the oil companies, the automakers, or any of the other usual scapegoats, consider this fact—America is one of the leading energy producing countries in the world. This country has the technology, alternative resources and enough oil and natural gas to be much more self-sufficient. America does not have to revert back to the practices of the 1970s.

This country is faced with a very serious problem. Our nation's's farmers are being hit hard—due to the cost of home heating bills, farm fuel costs, gasoline, and the impact of the crisis on the fertilizer industry. For obvious reasons, the transportation industry is also seeing a significant hit in air cargo and passenger transportation, intercity bus, trucking, and rail transportation. This in turn affects the tourism industry. Rising oil prices impact more than just energy costs. They are absorbed into a wide variety of goods causing a general increase in consumer prices. This cost increase threatens the engine of the nation's economy, our nation's small businesses.

All of this is simply because of the lack of an energy policy. As a result, U.S. crude oil production is down significantly, as consumption continues to rise. America now imports over 56 percent of the oil it consumes—compared to 36 percent at the time of the 1973 Arab oil embargo. At this rate the Department of Energy predicts America will be at least 65 percent dependent on foreign oil by 2020.

The National Energy Security Act of 2001, which we are introducing today, seeks an overall goal: To enhance national security by reducing dependence on foreign energy sources while protecting consumers by providing stable supplies at affordable prices. It provides incentives for the use of natural

gas—a fuel which can burn cleanly in internal combustion engines, and which is abundant within our own borders—especially in the Gulf of Mexico. It also calls on America to utilize other domestic resources through incentives which encourage the use of marginal oil wells, and the billions of barrels of oil we have in Alaska. Likewise, this measure does not ignore the use of renewable energy resources such as solar power, hydro-power, or wind power. However, Congress must acknowledge that America cannot realistically run only on renewable energy resources. Coal, oil, and natural gas remain our most abundant and affordable fuels, and they can be used in environmentally sound ways.

Some 55% of the electricity generated in the United States comes from coal-fired steam generating plants. Coal can make a significant contribution to U.S. energy security, if the environmental challenges of coal-fired plants can be met. This legislation will provide credits for emissions reductions and efficiency improvements. It will also provide a tax credit on investments in qualifying system of continuous emission control installed on existing coal-based units.

Congress must provide incentives for independent producers to keep their wells pumping, as well. Tax credits for marginal wells will restore our link to existing oil resources, including many in my home state of Mississippi. These wells are responsible for 50% of U.S. production.

We also need to increase the availability of domestic natural gas, which is the clean alternative for coal in electric power plants. Federal land out West may contain as much as 137 trillion cubic feet of natural gas. Similarly there is Federal land in Alaska which is estimated to contain 16 billion barrels of domestic crude oil None of these facts should be surprising.

There has to be a solution to this problem. Some would say that all we need to do is improve energy efficiency and reduce energy consumption. While there is a place for energy efficiency incentives in developing a natural energy policy, we must not starve our economy of the energy it needs to maintain and improve our standard of living. In the long run, a national energy policy that looks at all realistic sources of energy must be developed.

This is not the 1970s, America has better technology, more efficient and cleaner automobiles as well as more energy options. The question is: How long will we forgo these options and be held hostage to nations abroad or extremists at home? Millions of Americans are enduring mandated power outages because of lack of power infrastructure or are stuck with bigger heating bills due to increased demand and limited production of energy. America must tap the vast resources we have. If not, those bills are just going to get bigger, and those outages will occur more frequently. America can solve its energy problems but Congress must act in the interests of the entire nation, rather than a select few. America badly needs a comprehensive, but realistic, national energy policy, and we need it now.

Mr. President, again, as we have been discussing, today's fuel prices are a daily reminder that America is now at the mercy of foreign oil-producing nations. America's dependence on foreign oil directly threatens our national security and our freedom. We need to think about that and recognize it.

The situation we have seen in California is not going to be unique, and it is not just going to apply to the Midwest or the Northeast. This is going to be a national problem. It is going to affect our economy and our future security.

When we have the possibility that Iraq can cut off part of our oil supply, and maybe involve other Arab OPEC countries, that is extremely dangerous. Yes, we have SPR, the Strategic Petroleum Reserve, but only enough for a few days—perhaps a few weeks—at which point we would be on our economic knees and in danger from a security standpoint.

A lot of people want to blame something else: Oh, it is your neighbor's SUV; it is your local fuel distributors who are gouging you; or the oil companies are doing it because they want to make more money; or the automobile manufacturers can produce automobiles more fuel efficient. Perhaps they can, and I hope they will continue to make our automobiles better and more fuel efficient all the time, and they have been doing that.

There are any number of scapegoats. Before we do that, we should stop and realize America has plenty of energy sources. It is just that we are not using them or getting them out of the ground, and we are not taking advantage of the alternative fuels the way we should. We have the technology. That is why I specifically mention this clean coal technology. I am sure the distinguished Senator from West Virginia could tell you about it. There is a plant over here in Maryland that is using, I guess, a forward-leaning experimental basis—clean coal technology. We should explore that to the greatest extent possible. That is a resource of which we have a large supply. It is all across the board. Yet there are many in this country who say let's just revert back to the 1970s; let's just go with conservation; let's not worry about supply. I think that is a problem.

Our Nation's farmers are being hit hard. They are paying higher prices for farm fuel costs, heating bills, gasoline. That is affecting the fertilizer industry. For obvious reasons, the transportation industry is seeing a significant hit in air cargo and passenger transportation, intercity buses, trucking, and rail transportation. It has affected the entire economy already. Indications are—and perhaps the Senator from Alaska has already noted this—that the current oil price situation has already spiked up the CPI by four-tenths of a point. That is huge. But you don't have to be a rocket scientist to figure out how that would be happening because of the rising oil prices and the impact they have on energy costs across the board.

It is affecting consumer prices, and small businesses are also being hit. All this is simply because of the lack of a national energy policy. We thought we confronted this problem back in the 1970s when we had the long lines at gasoline stations. Remember, I think they had marathon sessions here in the Senate. We took action and we thought that would not happen again. We didn't do enough. America now imports about 56 percent of the oil we consume compared to 36 percent at the time of the 1973 Arab oil embargo. At this rate, the Department of Energy predicts America will be at least 65-percent dependent on foreign oil by 2020. That is extremely dangerous.

The National Energy Security Act of 2001, which we are introducing today, seeks an overall goal: To enhance national security by reducing dependence on foreign energy sources while protecting consumers by providing stable supplies at affordable prices. It provides incentives for the use of natural gas—a fuel that certainly burns cleaner than some of the types that we have now—where we have an abundance of it within our own borders, especially in my own area of the Gulf of Mexico. It calls on America to utilize other domestic resources through incentives which encourage the use of marginal oil wells.

We have billions of barrels of oil that are available in these marginal wells and certainly up in the Alaska area. There are those who say: No, we can't open up ANWR or some areas on the west coast, areas on the east coast.

We could have everything environmentally pure, but we may not be able to have the energy supplies we need to run this country or to heat our homes or fuel our farmers or our economy generally.

We should also look at alternative sources such as solar power and hydropower, which is something we rely on in this country. We see a problem up in the Northeast, and because it has been a light year for rain and snow in the Northwest and in States such as Idaho, Oregon, and Washington, they have a potential problem there.

Some 55 percent of the electricity generated in the United States comes from these coal-fired, steam-generating plants, as I have indicated. Coal is something we have an abundance of,

and with some more tax incentives, we can continue to make progress in coming up with new systems that will provide tremendous rewards for us.

I understand the natural gas area we have in the West is as much as 137 trillion cubic feet. It is estimated that we have 16 billion barrels of domestic crude oil in Alaska. None of these facts really should be surprising. We have known it, but we have not been serious about taking advantage of what we have there. We can do all this while protecting the environment.

I realize this is something you can't apply to every situation, but in the Gulf of Mexico, an area I am familiar with regarding oil and gas exploration—I live right on the gulf. I look out on the Gulf of Mexico. It is a wonderful sight and one of the most peaceful things I do. I sit on my front porch in a rocking chair and look at those gulf waters to my left toward the Alabama State line.

Not long ago, there was a natural gas well pumping away and doing fine. A couple of times they had to flare it, and at night it was a beautiful sight. They have done what they wanted to do with that well and have moved on.

As Senator MURKOWSKI has said, more and more of these oil and gas rigs are moving to deeper and deeper water. They drill now in such a way that they know what they are going to hit. They know where it is, and they can do it in 2,000, 3,000 feet of water. It is amazing technology.

Have we ever had an incident in my home area? No, never have we had an incident with an oilspill at a rig or with natural gas. The most dangerous thing we have is a Chevron refinery. Big ships come in and have to offload on to smaller ships. They bring those smaller ships into the harbor and port and offload them at the refinery. They, too, have been successful in not having incidents that have caused environmental problems, but there is more of a risk bringing in foreign oil from big boats to smaller boats to the dock than there is to drill for oil and gas.

Also, the best fishing in the gulf is around the rigs. Ask the people who live there. They will tell you it has been a tremendous boon to fishing. You catch the biggest fish right around the oil rigs off the coast of Louisiana and off the coast of Mississippi. This is a personal example.

We can have oil and gas exploration, protect the fish and wildlife, and do it in an environmentally safe way. I hope we will develop this overall policy. We can pick it apart. Some people are going to say: Oh, no, we can't open up ANWR. It is always interesting to me that the people who say we cannot do it are the people who do not live there. The people who live there think we can do it and do it in an environmentally sound way.

There will be those who object to that and maybe try to defeat it. Others will say we shouldn't give incentives to get these margin wells in operation. Others will say the Federal Government should not be involved in paying people's utility bills.

If we pick it apart piece by piece, we will wind up with nothing or a skeleton, and we will not have a national energy policy. If we do that, I predict, today on this floor, within the next 5 years we are going to have a disastrous energy supply situation in this country. We have an opportunity to do something about it this year in a bipartisan way that will be good for every region of the country and every group that might have an interest in energy policy.

I implore my colleagues in the Senate, and I call on this new administration: Let's step up to this. Let's not shrink from our own problems, desires, concerns, or knowledge. One thing that has always bothered me is if you know anything about a subject, if you know anything about energy, in this city you are disqualified; you have to be ignorant to decide what you need to do about the future energy needs of this country. That is a big mistake.

We have an opportunity with regard to our children's economic future. From a security and freedom standpoint, we must do this bill. I look forward to bringing it to the floor of the Senate for consideration by all Senators.

Mr. President, I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, I yield 10 minutes to Senator HAGEL.

Mr. HAGEL. Mr. President, energy touches every facet of our lives. Energy is serious business. America must have a national energy policy that ensures we have a reliable, stable, and affordable source of energy. This cannot be neglected. To do so leaves our Nation vulnerable on all fronts.

Energy policy ties together America's economy, our standard of living, our national security, and our geopolitical strategic interests around the world, and, of course, this Nation's future.

We have entered a period where low energy supply has met high energy demand. Oil prices have tripled over the last 2 years, hitting a high last fall of nearly $40 a barrel—the highest price since the buildup to the Persian Gulf war in November 1990.

Last Friday, the price of a barrel of oil was $29. This winter, California has endured severe disruptions in the supply of energy as a result of many factors, mostly a wrong-headed deregulation effort that left the market incapable of adapting to the imbalances between high demand and low supply.

We are also seeing the impact of a combination of record high natural gas prices and a harsh winter. Consumers all across the country are being hit with double and sometimes triple the energy bills they had last winter. It is very difficult for many families to absorb this shock to their budgets, and they cannot go without heat. We have increased the Federal funding for the Low-Income Home Energy Assistance Program, LIHEAP, to assist families in the short term. But the real answer is a long-term change in policy.

High energy costs ripple through the economy. Price spikes send a shock through the economy, increasing prices for everything that uses energy, and that is everything. They drive up inflation.

An analysis last year by the Heritage Foundation found that high oil prices would cost the average American family of four more than $1,300, decrease consumer spending by nearly $80 million, and cost our economy almost 500,000 jobs over the next 2 years.

In the United States, a slowdown in economic growth due to higher energy prices will have a negative impact on our Federal budget. The assumptions for projected Federal budget surpluses over the next 10 years do not take into account what would happen if high energy prices, energy shortages, or energy rationing stalled our economy. Where then would be our proposals to finance new prescription drug plans for Medicare recipients, provide more funding for education, grapple with the restructuring of our entitlement programs, and much needed funds to improve our Nation's military? The money needed to fund these areas of our Federal budget and pay down our national debt would have gone up in smoke—literally gone up in smoke.

Energy policy has broad national security implications for the United States because we are so reliant on foreign sources for our supply of crude oil.

During 1973, at the peak of the energy crisis, we relied on foreign sources of oil for 35 percent of our domestic supply. Since that time, we have become more, not less, dependent on foreign oil. Today we import about 57 percent of the oil used in the United States. Petroleum accounts for one-third of the U.S. total trade deficit. Who are we kidding?

Our reliance on foreign oil leaves the United States vulnerable to the whims of foreign oil cartels. Should something happen to threaten this supply, we cannot turn on the spigots in the United States overnight; we are literally blackmailed; we are literally captive to outside energy sources.

A tight oil market gives additional leverage to individual oil-exporting nations and tyrants. Half the world's spare production capacity right now is in Saudi Arabia. Iraq, whom we bomb by night and who imports oil by day, is now one of the fastest growing sources of U.S. oil imports.

Our allies would be more vulnerable to threats from oil-producing nations

because they are even more dependent on foreign oil. America and its allies must never allow themselves to become political hostages of energy supplier nations. This could lead to international blackmail and dangerous, unpredictable world instability.

We drifted through the last 8 years without an energy policy, content to sit back and enjoy a good economy and take credit for that economy, but unwilling to prepare our Nation for the difficult challenges ahead and make the hard choices necessary for energy independence.

When this crisis arose last year, the Clinton administration had no solution or strategy for how to deal with the problem. The policies of the last administration served to discourage and at some points actually completely shut off domestic oil and natural gas production. Over the last 8 years, we have seen millions of acres of possible exploration areas for oil and natural gas completely taken off the table. While oil consumption in the United States has risen by 14 percent since 1992, U.S. crude oil production has declined by 17 percent. Over the last 4 years, 58,000 wells were shut down.

What do we do about this? What can we do to address this problem? We must pursue a comprehensive energy policy that decreases our reliance on foreign oil by increasing the safe and environmentally sound production of our domestic oil and gas resources and by developing a more diversified supply of energy sources.

We cannot wait for the next crisis to decide what we will do. Natural gas demand is estimated to grow by 30 percent over the next decade. Shutting off the lights and increasing efficiency won't begin to make up for the increased demand. We need a greater supply of energy.

We must develop a national energy policy that meets the present and future needs of our country. I am pleased today to join Chairman MURKOWSKI and my colleagues in introducing the National Energy Security Act. We must increase our production of energy.

This legislation will help ensure an affordable, reliable, and diversified domestic supply of energy. We must also focus on becoming more efficient in our use of energy. Conservation is important. This bill will help make energy prices less volatile and alleviate the impacts that the wild price swings have on the national economy. It will reduce our reliance on foreign oil.

The United States must seek to further diversify its energy resources portfolio. We must all learn the lessons of history and recognize that we should not be focusing our energy needs in one area but must have a diversity of sources of energy to meet those needs. The bill we are introducing today promotes alternative fuels for vehicles, it encourages the production of traditional sources of energy, and advances cleaner technologies for the future. It encourages the development of biofuels, geothermal, hydropower, clean coal, and other energy options. For the United States to protect itself from the whims of international oil cartels and tyrants, we must harness and develop as many of our renewable energy resources as possible. This bill also increases funding for LIHEAP by $1 billion to ensure that low-income families will not have to choose between heating their homes and feeding their families.

And, yes, part of the solution includes opening the Arctic National Wildlife Refuge to exploration. Drilling in ANWR has been used to portray the Bush administration, and those who support opening ANWR to drilling, as anti-environment. What strikes me odd about that line of argument is that it is faulty. It is faulty for many reasons. One of the most important among them is that most countries from which we import our oil now have very little regard for the environment. You look at some of these foreign oilfields around the world and you see total destruction of the environment, no regulation, no laws, no respect for the wildlife and the land on which they drill.

A study done by the Interstate Oil and Gas Compact Commission found that U.S. producers spend almost $3 billion annually, or roughly $2 a barrel, to comply with environmental regulation in the United States. I doubt that one-tenth of this is spent on environmental regulations in all the other oil- and gas-producing countries combined. Who is taking care of the environment and who is not taking care of the environment?

So if environmentalists are truly concerned about the worldwide environment, it would seem to me they would want every possible drop of that oil and natural gas to be found in the United States to be pumped and drilled under safe environmental regulations imposed by State and local governments, the EPA, the Federal Government, the U.S. Fish and Wildlife Service.

We are all concerned about the environment. We have led our Nation far too long without a comprehensive energy strategy. The President and Congress must immediately address America's need for a strong, defined national energy policy. It underpins our national independence. Energy independence underpins our national security, it underpins our economy, our standard of living, our trade, our role in the world, and the future for our children. Our Nation's future is directly connected to energy capacity. If we fail this great challenge, we will leave the world more dangerous than we found it. That is not our heritage. This will require bold, forceful, and intelligent leadership. We can do this. We will do this. This is America's heritage.

I yield the floor.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. Mr. President, I thank my colleague from Nebraska for his candid statement, particularly when he focused on the lack of sensitivity in the oilfields of much of the world. Yet we depend on the oil coming from there. We don't seem to have any regard for how it is produced or the sense at this time of the environment. We take it for granted and somehow just ignore that we have the responsibility because we are addicted to foreign oil and yet we accept no responsibility for the environment. I commend him for that observation. I thought it was very pertinent.

Mr. President, I ask unanimous consent that a list of the participants in the press conference on the National Energy Security Act of 2001, including the Campaign to Keep America Warm, Interstate Oil and Gas Compact, National Association of Regulatory Utility Commissioners, Small Business Survival Committee, National Association of Manufacturers, Association of Home Appliance Manufacturers, National Association of Neighborhoods, Fertilizer Institute, Edison Electric Institute, Printing Association, United States Combined Heating, American Gas, Washington Gas, Nuclear Institute, American Forestry Society, American Forests, American Institution of Architects, National Association of Home Builders, Air Transport Associates, Society of Independent Gasoline Manufacturers, National Association of Realtors, the Coalition for Affordable Renewable Energy, National Pumping and Heating, American Highway Users, National Restaurant Association, U.S. Oil and Gas Association, National Association of Convenience Stores, the National Refiners Association, the Independent Driver's Association, all who were in attendance and represented at the press conference where we discussed the introduction of this legislation this morning, be printed in the RECORD following my remarks relative to the introduction of this legislation. I also ask unanimous consent that a letter of support from the Teamsters be printed in the RECORD following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See Exhibit 1.)

Mr. MURKOWSKI. Much has been mentioned of one facet of this legislation. I refer to the ANWR area. I also want to add that while we have not sought cosponsors, there have been many who have come to the floor today or have contacted me. As a consequence, I think it is important to add my senior colleague, Senator STEVENS, even though I have not been able to contact him, so I condition that. But I don't want him to think we haven't thought of him. I add his name.

I will identify on the first map, to get a feeling for ANWR and what it is all about, I will demonstrate what part of Alaska comprises ANWR. It is 2½ times the size of Texas. Nevertheless, it is a big, big piece of real estate. This area on top is called ANWR. It in itself is about the size of South Carolina. It is 19 million acres. Notable on this map are the colored areas which are Federal lands.

The reason it is appropriate to reflect a little bit, I hear the quotation, why can't we have some area of wilderness that is as it always was, with no footprint of any kind? And the justification of ANWR, indeed, is it fits that description.

That is hardly accurate. If we look at another map shown in the scope of reality, we see the small portion of Alaska that is known as ANWR is 19 million acres, and we have set aside 8 million acres in wilderness and 9½ million acres in refuge, leaving 1½ million as a coastal point, which is the only area disturbed if drilling is authorized by the Congress of the United States.

These land designations were made in about 1980. They are permanent. The wilderness will remain the wilderness, 8 million acres, the 9.5 million acres will remain in the refuge, leaving the small area open for exploration.

The difference is the geologists say this is the most likely area where a major oil discovery might be made in North America, and they indicate 10 to 16 billion barrels, equal to what we import from Saudi Arabia.

The other fallacy not noted is there is a footprint there already.

There is a village. There are about 227 Eskimo people who live there. This is their airstrip, hangars, schools. This is a picture of the children going to school, happy, Eskimo children. It is a pretty bleak outlook because it is winter there about 10 months out of the year.

I want to show this major map again. When we talk about this area the size of the State of South Carolina, 19 million acres, and take it down to 1.5 million acres here—here is Kaktovik. The picture just appeared. To suggest there is nothing there is misleading. This is the radar site. This is the village. The airstrip is over here. The footprint is really there. That is what is in this area of ANWR. The rest of it, as I indicated, is a refuge or wilderness. I might add, we have about 118 refuge or wilderness areas where we are producing oil or gas. To suggest this is unique begs the issue. It is unique, but you have to keep it in perspective.

For those who say, why don't we have some area of wilderness that has not had any footprint, let me show a couple. In our State of Alaska, we have 59 million acres of wilderness. This is the Gates of the Arctic here, which is a little over 8 million acres. That is it. You can wander through it. It is designated ''wilderness.'' You can view it for its beauty or its harshness.

We have another area here in the Wrangell-St. Elias area. We have some almost 11 million acres of wilderness in this area. To suggest this is the last wilderness is hardly respecting reality. I want the record to note that because many of my colleagues are under the opinion this is the only area left.

Let me conclude with a couple of other items that I think are relevant to this particular issue. To give some idea, Wrangell-St. Elias is much bigger in wilderness than is ANWR. The Gates of the Arctic, as I indicated, are about 8 million acres.

To give some idea of the extent of the efforts to accommodate the wildlife, this is an article entitled ''Bruins Brewing? Polar bears apparently booming on stretch along Beaufort Sea.''

It further states:

> Beaufort Sea area's polar [bear] population could be in excess of 2,500.

Some will suggest the polar bear den in ANWR. The polar bear don't den in ANWR, they den on the ice. There are a few that do winter there, but the most significant thing about what we do with the polar bear is we don't allow hunting of the polar bear. If you are a Caucasian, you cannot take a polar bear. You can in Russia or Canada, but you cannot take it in the United States because it is a marine mammal and is protected. The Native people take a few for subsistence. To suggest somehow we are going to decimate the polar bear is again mythical, a story, not made up of any scientific fact.

The idea of spills in the area—let me show the Prudhoe Bay area, because it represents the old technology. The oilfield is here with the caribou. There is the pipeline. There are the caribou. You have seen it before, Mr. President. Those are not stuffed animals. They are browsing around because there is nothing that will harm them.

If you spill a pint of oil from your transmission, it has to be reported. If you spill water, it has to be reported. We have very stringent environmental laws and regulations to ensure we reduce to a minimum the exposure.

I also want to show another picture of the wintertime and what some of the animals are acclimated to. Because it is easier to walk there, they walk on the pipeline. They are walking on the pipeline because it is easier to do that than it is to walk on the snow. These are actual photographs. It is not anything that was put together.

Let me also show pictures of what it looks like building the area in the wintertime where we have the rough and rugged tundra. In the winter, it is very bleak. There are about 10 months of winter a year. Here is the technology used to develop the oilfields. We use winter roads made of ice.

Again, it is new technology. Here is the same picture in the summer. It is about a 2-month summer. You can see the footprint is very manageable.

My point going into this detail is that those who criticize give very little credit to the advanced technology that we have, the ability to find oil and make a very small footprint.

The justification for going into ANWR is that geologists tell us that is where a major find is more likely to be made than any other area. They suggest somewhere in the area of 16 billion barrels.

As we look at what I think are some of our inconsistencies, let me remind you that we are now importing 750,000 barrels from Iraq. We fought a war over there in 1991. We lost 147 lives. The significance of depending on that source, I think, suggests we are compromising our national security. I say that realistically because the other day we noted we took a very aggressive posture, bombing some of the radar sites in Iraq up near Musel to take them out because we thought they were hindering our efforts to enforce a no-fly zone. What they did not tell you was there have been about 20,000 sorties since 1991–1992, at great cost to our Government, enforcing the no-fly zone.

Just what are we doing? If I can simplify our policy, we are importing 750,000 barrels of oil from Saddam Hussein. We give him payment for that oil. We take the oil, put it in our planes, and go bomb him. Maybe I am missing something. What does he do with our money? He takes our money and, in effect, takes care of his Republican Guard, which keeps him alive. He also develops a missile capability and a delivery capability and biological capability. At what is it aimed? At our greatest ally, Israel. Maybe I am being overly simplistic, but if you think about it, that is about what happens.

At what point do we sacrifice our national energy security interests? What we have done in this legislation which we have introduced today—I see Senator CRAIG on the floor—we are attempting to reduce our dependence to 50 percent or less, instead of increasing it. As the Department of Energy says, by the year 2005 or 2006, we will be close to 60 percent. At what point do we compromise totally? At what point are we becoming so dependent on the Mideast nations that we no longer have any leverage left? They can control the supply. They can control the price.

We are not going to eliminate our dependence, but we can reduce it. I see the U.S. Coast Guard reducing its mission capability for rescue and fishery patrol because of the increasing costs of fuel, which limits their mission capability. I ask unanimous consent this document be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COAST GUARD CUTS BACK ON PATROLS TO SAVE MONEY

KODIAK (AP).—In an effort to save money, the Coast Guard has shaved five days off the cutter Storis next patrol of fishing grounds.

The Storis was due to leave Friday to patrol Alaska's domestic fishing grounds, including the Aleutians and the Bering Sea, and make routine boardings of U.S. fishing vessels. But the 230-foot cutter will not get under way until Wednesday morning, said Cmdr. Ray Massey.

''Our Pacific Area Command decided to go ahead and keep them at the dock as a cost-saving measure,'' Massey said. ''We're concerned that they get under way. They've missed several days of domestic boardings.''

The Coast Guard has taken similar measures in the past, Massey said. This time the Alaska command is trying to close a 10 percent cut in the operational budget.

''This budget struggle is based on the high cost of fuel and the mandated increases in salaries,'' Massey said.

The Department of Defense raised military wages 3.7 percent Jan. 1, but did not adjust the Coast Guard budget.

Cutters spend 45 days at sea when they are on standard patrol duty. It costs roughly $3,500 an hour when cutters are under way, Massey said. Multiplied by 24 hours, a few days tied to the dock results in savings of about $84,000 a day.

''We need a supplemental budget increase,'' Massey said.

The delay does not affect Coast Guard search-and-rescue operations, with helicopters and the 378-foot cutter Mellon on the grounds in the Bering Sea, he said.

The delay also did not disappoint most of the crew on-board the Storis, according to seaman Frances Jiannalone.

''It was like a total surprise. We were just about to get under way, I'm talking 10 minutes, and I answered a call. They asked if we were about to get under way. I said yes, and they said, 'Well, that's all about to change,' '' Jiannalone said.

He said the captain announced the delay 10 minutes later.

Mr. MURKOWSKI. When that happens, it affects all of our capability as well.

When we look at the dreaded situation in this country relative to what has happened in California, we realize that some of our aluminum companies are not making aluminum because they have long-term contracts for energy and they are selling the energy. Urea fertilizer factories are no longer selling urea because they can sell the gas for a higher price than if they sold the product. These are inconsistencies that affect the very backbone of our Nation.

As we begin the debate on the energy bill, I encourage my colleagues who have heard from the environmental community that somehow this can't be done safely to recognize the responsibility on the national security interests of this Nation and to recognize the technological advances that we have made. For heaven's sake, come up and see for yourself. We have extended an invitation to Members of this body to come up to ANWR on the 30th or the 31st of March and the 1st of April. We extended that to spouses as well. Get an appreciation. Keep your mind open until you see it. Many of the Members, of course, tell me: FRANK, we understand you did open it. We really know that. But you know how it is with the environmental community if you argue against them.

What responsibility does the environmental community have relative to their responsibility to come up with some alternatives and recognize that we have an energy crisis? They simply say we can conserve our way out. You simply can't do it. We can do a better job of it. But we are an electronic society. We send e-mail and use our computers. The reality is we have to do better. We have to use alternatives. But you can't conserve your way out of this.

The reason I am going into this at some length is ANWR becomes somewhat of a lightning rod because it is a cause, if you will, for the environmental community. They need a cause. They need a cause that is far away where the American people can't really see it for themselves and that the press really can't afford to go see. As a consequence, it generates great membership, great dollars, and the fear that somehow we can't do this. Yet in Prudhoe Bay, we have had 30 years of experience and 30 years of technology. The footprint now is estimated—as you move from this technology 30 years ago over to this area on the map of ANWR—out of this million and a half acres up here in the Coastal Plain, which is the only thing we are talking about —we are not talking about this because this is a refuge—we are talking a footprint of roughly 2,000 acres. That would be the footprint if the oil is there in the volume.

I encourage my colleagues to keep the discussion and the debate within the parameters of facts as opposed to emotions. To suggest that somehow we do not have the technology to take care of the Porcupine caribou herd is ridiculous. We only allow drilling in the wintertime as a consequence of the caribou calving. We have improved the central Arctic herd.

People ask, Is this energy bill going to be compromised by ANWR? Is that the backbreaker? I hope my friends in this body and in the environmental community recognize that we have a responsibility to address an energy crisis, and by passing this legislation including ANWR, we are going to be able to reduce our dependence on imported oil to less than 50 percent within a reasonable period of time.

Some people say it is going to take you 10 years, if the oil is there. That is absolutely ridiculous. We have a pipeline 45 miles from Prudhoe Bay. It only needs another 25 miles, and we could have this area open in less than 3 years to have oil flowing, if indeed the oil is there.

Some people say, Senator, it is only a 6-month supply. That is a bogus argument. That assumes there is not going to be any other oil produced in this country for 6 months; all of it will stop.

You can turn that thing around, and say, well, if we don't develop it, then the United States is shortchanging itself with a 6-month supply for all the trains, airplanes, and all the boats. It is a ridiculous argument, if the oil is there.

Remember Prudhoe Bay. This area has been producing 20 percent of the total crude oil produced in the United States for the last 27 years. At one time it was 25 percent. That is the factual record.

Please keep this in mind. If you want wilderness, we have 59 million acres of wilderness in our State, and more than all the States put together. We are proud of it. But to suggest that somehow you are going to jeopardize this 19 million acres by initiating some drilling in 1½ million acres just doesn't fly with reality.

We must have an opportunity to debate some of these environmental groups that put fear in some of my Native people. These people who live in this area, whether they be the Eskimos on the North Slope or the Gwich'in people, are proud people and look for a better way of life and opportunities.

In Barrow, I always recall one friend of mine who said: Senator, I used to come to school to keep warm.

I said: What do you mean?

He said: The first thing I did when I got up and left our sod home was to go out and pick up driftwood. There were no trees. That would be driftwood floating down the McKenzie River and lying around on the beach. He said: I came to the Bureau of Indian Affairs school to keep warm.

Then we look at Barrow today. They have the most beautiful school in the United States. They have an indoor recess area because they have the taxing ability to improve their lives, to give them an alternative lifestyle where every child has an opportunity for a full paid college education, if they wish it. There is no where else in the country with that.

Then we have the Gwich'in people in Old Crow and other areas in Alaska down near the Fort Yukon Arctic village. I have been in the area and have met the people. But there is the group that the Gwich'in Steering Committee has put the fear into that somehow these people will lose the Porcupine caribou herd if, indeed, there is development in this Coastal Plain.

This is kind of interesting. This is the U.S. This is Alaska. This is Canada. This is the migration route of the caribou. They have a wide range. They come up here and calf sometimes in the Coastal Plain, and sometimes not. But, in any event, they cross a highway, the Dempster Highway. All these little marks are wells that were drilled in

their path. They did not find any oil so they made a park out of it. That is fine. But somehow we have seen the environmental groups—the Sierra Club, Friends of the Earth, the Wilderness Society—fund this effort to basically suggest to the Gwich'in people that their lifestyle and their traditions will be lost, and their dependence on the Porcupine caribou herd will be lost if indeed, this development takes place.

There is another group of Gwich'ins who are looking forward to having job opportunities and so forth. Time and time again, they have been invited up to Barrow to meet with the Eskimos to see what the ability to tax oil and oil facilities has meant to their lifestyle. Each time the journey is cut short by the pressure of the Gwich'in Steering Committee. You have to be careful who you are talking to when you talk of the Gwich'ins because there are two different people. One of the groups—the Gwich'in Steering Committee—is funded by a significant portion of America's environmental community. And one more time: For what reason? Because they need a cause. Their cause generates membership, dollars, and is so far away that it can't be evaluated on its own merits.

That basically concludes my remarks on this particular aspect of the energy bill, which I think deserves some special attention since it has been identified time and time again.

I encourage my colleagues to give me a call if they have any further questions. I hope they will accept the invitation of Senator STEVENS and I to come up and visit the area. If not, we would be happy to meet their staffs.

I remind them that all of us have an obligation to meet our legitimate environmental concerns. We also have an obligation to address the national security interests of our Nation as far as our growing dependence on imported oil is concerned. This is an opportunity to relieve that in a very positive and meaningful manner.

I yield the floor.

EXHIBIT 1

NATIONAL ENERGY SECURITY ACT OF 2001—PRESS CONFERENCE PARTICIPANTS

Campaign to Keep America Warm: Jim Benfield.

IOGCC: Christine Hansen, Executive Director.

NARUC President and PA PUC Commissioner: Nora Mead Brownell.

KY Public Service Commissioner and Chair NARUC Gas Committee: Edward J Holmes.—''As Chairman of Naruc's Committee on Gas, my committee members and state public utility commissioners across the U.S. work with energy matters on a daily basis. I commend Sen. Murkowski's efforts in recognizing the need for federal legislation that institutes a comprehensive national energy policy including balanced reliance on all energy resources.''

Small Business Survival Committee: Karen Kerrigan.—''This legislation, by increasing access to critical energy supplies and improving the infrastructure to move those supplies to consumers, will make for more reliable and affordable electric power and transportation fuel, which is essential to small business's economic well-being. Affordable energy is particularly important to small businesses which are extremely sensitive to price fluctuations and supply disruptions. For many small businesses, energy costs and reliable supplies are the difference between profits and losses.''

Aluminum Association: Robin King.

The Fertilizer Institute: Ford West.

American Forestry and Paper Association: Hansen Moore.

U.S. Chamber of Commerce: Sally Jefferson.

National Association of Manufacturers: Mark Whittenton, Vice-President, Resources, Environment, and Regulation.—''With NAM calculations indicating that the rising price of oil and gas cost our economy more than $115 billion between 1999 and 2000, it is clear that energy problems will have ripple effects throughout the economy. Congress and the Administration must develop a strategic national energy plan to increase energy supply, improve energy efficiency and optimize all energy resources, including natural gas, oil and coal.''

American Farm Bureau: Jon Doggett, Senior Director, Natural Resources and Energy.

Business Council on Sustainable Energy: Michael Marvin, President.

Plug Power Inc.: Jennifer A. Schafer, Director of Federal Governmental Affairs.—''Senator Murkowski is to be commended for his foresight in addressing the America's dire energy situation. We look forward to working with the Chairman and his staff to expand his distributed generation provisions to include residential fuel cell systems.''

American Methanol Institute: Bailey Condrey, Jr., Director of Communications.—''The current energy situation underscores the need for a comprehensive energy policy that will encourage the use of alternative fuels and alternative fuel vehicles and technologies.''

National Association of Neighborhoods: Ricardo Byrd.—''Energy is the lifeblood of America's neighborhoods: it heats, lights and powers our homes, providing for our most basic needs. We are witnessing this winter the devastating impact on our neighborhoods—particularly on seniors, poor and hardworking families—of the failure to have a comprehensive national energy policy.''

Edison Electric Institute: Lynn LeMaster, Senior Vice President.—''U.S. energy policy should focus on assuring adequate domestic energy supplies, renewing and expanding our energy transportation infrastructure, assuring adequate electricity generation and a diverse fuel generation mix, improving energy efficiency, encouraging investment in new technology and providing energy assistance to low-income households. The Murkowski bill addresses all these concerns.''

Printing Industries Association: Wendy Lechner, Senior Director, Federal Employment Policy.

ASAP Printing, Alexandria, VA.: Joe Brocato, Owner.—''In representing the 14,000 members of the Printing Industries of America (PIA) here today, I strongly support improving and increasing domestic energy sources and encouraging energy conservation. Printing companies like mine are fairly significant users of energy resources. As energy prices continue to increase, I worry about the effects. Do I raise prices and harm my relationship with my customers or will I be forced to let go long-time, loyal employees? Neither choice is a good one. A well thought out national energy policy is needed and needed soon.''

United States Combined Heat and Power Association: John Jimison, Executive Director.—''We believe that this is a critical time for Congress to confront comprehensively the nation's energy imperatives—the need for adequate supplies of electric and thermal energy at competitive costs with short lead-times, maximum fuel efficiency, high reliability, and minimal environmental impact, in a market open to all participants.''

American Petroleum Institute: Red Cavaney, President.

American Public Gas Association: Burt Kalish.

American Gas Association: Dave Parker, President and CEO.—''To meet consumers' strong demand for natural gas in coming years, we commend Senator Murkowski for sponsoring this important legislation, which calls for a comprehensive review of natural gas resources, expansion of the pipeline delivery system and development of energy-efficient technologies.''

Questar Gas: Nick Rose, CEO, Chairman, American Gas Association.

Washington Gas: James H. DeGraffenreidt, Jr., Chairman & CEO.—''Authorization of significant, long-term LIHEAP funds and incentives to improve energy efficiency are clear benefits for our customers. Additionally, a national energy policy will benefit everyone by addressing the supply/demand relationship in a balanced and economically-efficient manner.''

Nuclear Energy Institute: Joe Colvin, President.—''The energy policy proposed by Senator Murkowski is a well-crafted framework to build a brighter, better future for the American people. It recognizes the valuable role that nuclear energy plays in our country's diverse mix of energy sources, and it takes positive, practical steps to ensure a broad base of energy sources are available in the decades to come.''

Association of Home Appliance Manufactures (AHAM): Joseph McGuire, President.—''The Association of Home Appliance Manufacturers applauds Sen. Murkowski for his leadership in helping develop a national energy policy. We support efforts to establish such a policy through measures aimed at energy supply, conservation and energy efficiency.''

Natural Gas Vehicle Coalition: Paul Kirkhoven.—''We commend Senator Murkowski on his leadership by introducing the National Energy Security Policy Act. This bill, when enacted, will meet the energy needs of today's consumers and will promote the increased use of natural gas as a motor vehicle fuel.''

American Propane Gas Association: Lisa Bontempo.

American Institute of Architects: Dan Wilson, Senior Director, Federal Affairs.

Association of Home Appliance Manufacturers: Joseph M. McGuire, President.

American Gas Cooling Center: Tony Occhionero, Executive Director.—''We commend the Chairman for his leadership in moving quickly to address the reliability and adequacy of our nation's energy system. As the legislation makes its way through Congress, we will work to ensure further peak demand reduction measures through inclusion of gas-fired cooling and additional on-site power generation.''

Process Gas Consumers: Dena Wiggins.

Building Owners & Managers Association: Gerald Lederer, VP Government & Industry Affairs; Karen Penefiel.—''The federal government needs to enact a national energy

policy which ensures all consumers have access to adequate supplies of reasonably priced energy. A building owner's ''commodity'' is a productive office environment, which is not an ''interruptible service.'' Even a temporary (energy) shutdown can lead to major problems.''

National Association of Home Builders: William P. Killmer, SR Staff VP, Government Affairs.

American Chemistry Council: Jim D. McIntire, Vice President.

Society of Independent Gasoline Marketers of America: Greg Scott, Counsel.—''SIGMA represents independent petroleum marketers who are deeply concerned about balkanization of the nation's motor fuels markets, retail price volatility, and the decreased overall supplies of gasoline and diesel fuel. SIGMA members are convinced the country can have clean fuels, environmental protection, and a sound national energy policy that increases overall supplies and competition.''

National Association of Realtors: Doug Miller, Commercial Policy Rep, Gov. Affairs.

Competitive Enterprise Institute: Myron Ebel.—''Senator Murkowski's bill if enacted will re-establish the conditions necessary for the energy industries once again to be able to provide Americans with cheap and abundant, reliable energy, upon which our prosperity is based. For example, it will encourage environmentally-responsible oil and gas exploration and production on federal lands closed by Clinton and make it possible to build needed new pipelines and refineries.''

National Association of Convenience Stores: John Eichberger, Director of Motor Fuels.—''NACS members sell approximately 60 percent of the motor fuels in the United States every year. NACS members are strongly supportive of a national energy policy that increases motor fuel production, provides clean motor fuels to our customers, and recognizes the important role that motor fuels play in driving our nation's economy.

The Coalition for Affordable and Reliable Energy (CARE): Paul Oakely.—''Senator Murkowski has taken the first step in the process of developing a much needed national energy policy. We support the development of a sound energy policy for America which takes full advantage of diverse domestic energy resources, including its abundant coal reserves, while striking a sensible balance among social, economic, national security, environmental and energy goals.''

National Restaurant Association: Lee R. Culpepper, SRVP Government Affairs.

The National Petrochemical and Refiners Association: Bob Slaughter, General Counsel.—''The National Energy Security Act will strengthen America's refining infrastructure by refocusing public policy on the need to maintain and expand the nation's refinery capacity. This will help provide individual consumers with a stable supply of petroleum products at reasonable prices and petrochemical producers with predictable amounts of competitively-priced feedstocks.''

Americn Highway Users Alliance: Bill Fay, Executive Director.

National Plumbing, Heating, and Cooling Contractors: Lake Coulson.—''PHCC is composed of almost 4,000 contracting business, many of whom are small businesses and are affected by the current energy situation. PHCC believes that the country needs an energy policy that will provide reliable energy and affordable prices for American families and businesses. PHCC-National Association supports efforts designed to improve energy efficiency and conservation. PHCC-National Association supports the installation and use of water conserving methods and products.''

Owner Operator Independent Drivers Association: Paul Cullen, Government Affairs Representative.

Air Transport Association: Ed Merlis.—''Senior Vice President, Legislative and International Affairs. With jet fuel being our second highest expense item, airlines have felt the serious consequences of escalating energy prices, which raise airfares, particularly on leisure travelers. It is imperative that we develop a comprehensive national energy policy. Senator Murkowski's legislation is a strong, positive step in that direction.''

Mr. CAMPBELL. Mr. President, today I am pleased to join my friend and colleague Senator MURKOWSKI as an original cosponsor of the National Security Act of 2001. This bill represents a significant effort to define our national energy policy and it will be considered shortly.

For years many Senate Republicans called on the previous administration to define our national energy policy. It is apparent that they never answered our calls. We all know that this bill must now be discussed and specific concerns need to be addressed. But, this is an important step to lay the foundation for our future energy plans.

We are a Nation that uses coal, oil, hydro power, natural gas and nuclear power. This cannot be disputed. But, the previous administration would not accept this reality. And, unfortunately, they tried to stand in the way of domestic oil production by locking up public lands. Now we are in a very good position with the current administration to build a secure energy policy which is long lasting, environmentally friendly and will decrease our dependence on foreign oil.

I am hopeful that this is just the starting point. Some organizations will have concerns with this bill, and I have some as well. For instance, Rural Electric Associations, commonly referred to as Co-ops, have concerns that I would like to see addressed, especially since such a big portion of my home state of Colorado is covered by Co-ops. I am confident, however that we can all come together, resolve our differences and construct a national energy policy that will ensure our future needs.

The National Security Act of 2001 is an important step forward to define our national energy policy, provide relief from our energy problems and promote domestic production so that our Nation can become more self sufficient for our energy needs. I urge my colleagues to come together to build our energy future.

The PRESIDING OFFICER (Mr. NELSON of Florida). The Senator from Idaho is recognized.

Mr. CRAIG. Thank you, Mr. President.

Before I speak to the two pieces of legislation that Senator FRANK MURKOWSKI has introduced today, let me thank the chairman of the Energy and Natural Resources Committee for the leadership that he is demonstrating with the introduction of S. 388 and S. 389.

This country cries out for a clear, well developed policy for both the production and the transmission and/or shipment of energy that we clearly have found ourselves now lacking and in need of.

Every American is finally beginning to feel the pinch of energy; in this case, the lack thereof—whether it is at the gas pump, or whether it is in the power bill they receive monthly, or their space heating bill, or the cost of the goods that have a major component of energy in them.

The Senator has just concluded speaking about the potential of producing upwards of 16-plus billion barrels of oil domestically in our country in addition to what we already have. I will say—and I am sure I will say it more than once over the course of the next several months of debate—the ANWR issue is not an environmental issue. It never has been, and it never will be. It is a political issue.

The technology of today will protect that environment. When the oil is extracted and the wellheads are gone, it will hardly be noticeable that man, in the form of his modern technology, was there. This is a political issue by interest groups who need a cause. The Senator from Alaska has spelled that out well in the last few moments.

But I rise today in support of national energy and a National Energy Policy Act of the kind that the Senator has introduced today and of which I am a cosponsor. Clearly, this is the year when I hope Americans will insist and that we will respond with the development of a comprehensive energy policy.

We began to look at this anew in 1999. Back then, OPEC cut crude oil production to force up oil prices. We then had the luxury of very inexpensive crude oil. It worked. As you know, we saw our Secretary of Energy rushing off to the Middle East to beg them to turn their valves back on. While they did a little bit, they were destined to move crude oil from $12 a barrel to, at one point, a high of $32 a barrel last spring.

Our motorists—all of us—were worried about the increasing cost of gasoline, and truckers were concerned about rising fuel oil costs. Also, residential consumers in the Northeast watched as their home heating oil bills skyrocketed last year and remained extremely high through this winter.

In the past dozen months, the situation has worsened. Gasoline, fuel oil, and home heating oil have remained at a high premium. Natural gas prices have tripled to $6 per million Btu's from under $2 only a year ago. That is a tremendous increase in price. Natural

gas production has remained static, even though the number of drilling rigs looking for gas has now tripled in the last year, as finally these unbelievable but very market-driven prices have resulted.

Further, natural gas in storage is just about a billion cubic feet—about half of what is usually in storage for this time of year. In other words, in that arena we are only half prepared. We simply cannot build the balance of the storage.

Further, natural gas is clearly costing the residential consumer an astronomical price—but beyond where the gas line goes, where you have to use bottled gas out in rural America for cooking, heat, and some space heat, there, once again, it has tripled; and even for the poorest of Americans, it is a cost they are finding very difficult to bear. Wholesale electric prices too have risen significantly.

Of course, we have all watched and been a part of—at least by action or by debate—the episode in California and the experimental, but very flawed, electricity deregulation effort that has produced an unbelievable high of nearly $300 for a megawatt hour in the spot market—$300 for a megawatt hour in the spot market—compared with just a few dollars at some points in an Idaho market a few years ago. That is a tremendous drive-up in cost. That is about 30 cents per kilowatt hour, or five times what the investor-owned utilities in California are allowed to charge their consumers.

To bring it into perspective, my consumers in Idaho, right now, are paying about 3.6 cents per kilowatt hour against a California market that has peaked at 30 cents per kilowatt. Some folks would say Idahoans are not paying enough. Let me tell you, Californians are not paying what the market would teach them to pay if their policies were different. Then they would dramatically change the politics of their State because, once again, ANWR is a political issue and the energy crisis in California is a political issue—and a political crisis.

Southern California Edison and Pacific Gas and Electric Company are struggling with a $10 billion unpaid bill for power. They were simply not able to go out and collect the money because California law would not let them collect the money for the very energy they bought to supply Californians. Californians have already consumed the electricity, but they have not paid the full price for it.

California, due to a shortage in the State of power-generating facilities, has been forced to import electricity from as far away as Texas. And up in my State of Idaho, we now produce power for California. Power supplies in the Northwest—my region of the country—have grown increasingly scarce. Competition for supplies and the fear that California utilities will be unable to pay their bills have forced up retail prices in Oregon, Washington, and my State of Idaho.

When the previous administration arrived in 1993, it announced its intent to drastically alter the way the Nation used energy, especially fossil fuels—gas and oil and coal. President Clinton argued that a broad-based Btu tax would force us away from coal and oil and natural gas to renewable energy forms, such as solar, wind, and biomass. That objective has remained a hallmark of that administration's energy policy.

Oh, yes, some of us have argued that the Clinton administration had no policy. Well, they came to town with one. And that one was rapidly rejected by the American consumer when the President said that the taxes he wanted to raise—nearly $72 billion out of the consuming public over a 5-year period—would help the market and help the environment. What it ultimately did—because it was rejected—was it caused even greater dependence on foreign oil and, of course, had phenomenal impacts, as we now see, on the consuming public. In fact, it would have unfairly punished energy-intensive States and industries.

Estimates by the American Petroleum Institute and the National Association of Manufacturers, at that time, predicted that the Btu tax, which was the hallmark of the Clinton policy, would reduce the gross domestic product of this country by $38 billion and that it would destroy nearly 700,000 jobs.

Just in the last 2 quarters, this runup in energy price—which would have been equivalent to raising that kind of a tax, only it is now greater—has cost the gross domestic product almost a half a percentage point. Studies now show at least four-tenths of a percent loss, or nearly half a percentage point, and several hundreds of thousands of jobs. So those estimates way back in 1994 were not very far off.

The administration claimed that the tax was needed to balance the budget and fund large new spending programs to offset the negative impacts of the tax. They also claimed that crude oil imports would decline by 400,000 barrels a day.

At the same time, DOE's own projections predicted the tax would shave oil import growth by less than one-tenth a percent after nearly 10 years under that program. DOE predicted by the year 2000 Americans still would depend on foreign oil for three-fifths of their total crude oil requirements.

DOE was not far off. With or without the tax, obviously with growth in the American economy and the tremendous wealth and advantages to the American consumer that the economy of the last decade has produced, we have grown dramatically more dependent upon foreign oil because we failed to produce our own. The American Petroleum Institute testified at that time that even if imports were to fall by the full 400,000 barrels a day claimed by the administration, the cost of a $34 billion in lost GDP is excessive relative to the alternatives of improving energy security. The story went on and on, and no energy policy got developed. In fact, quite the opposite occurred. A more restrictive approach to the production of domestic energy began to fill in behind the inability of our past President to force a huge tax increase on the American consumer.

In the end, Congress refused to accept the Clinton administration's efforts to tax our relatively inexpensive energy sources to finance their grandiose tax-and-spend social agenda that Congress rejected. Congress did agree to raise taxes on transportation fuels. We did that by 4.3 cents per gallon, a move I opposed and believed was wrong at the time. It is wrong now.

The past administration's obsession to reduce fossil fuel use as much as possible has put us in the position we find ourselves today. President Clinton said, on March 7, 2000, at the White House:

> . . . Americans should not want them [oil prices] to drop to $12 or $10 a barrel because that . . . takes our minds off our business, which should be alternative fuels, energy conservation, reducing the impact of all this on global warming.

Here are the facts: Since 1993, domestic oil production has dropped by 17 percent. Domestic crude oil consumption, though, has gone up by 14 percent. Dependence on foreign sources of crude oil has risen to 56 percent in total crude oil requirements.

The PRESIDING OFFICER. The time allotted to the Senator has expired.

Mr. CRAIG. I ask unanimous consent to continue for no more than 10 minutes.

The PRESIDING OFFICER. Is there objection?

Mr. KYL. Mr. President, might I ask the Senator, did he ask for 1 minute or 10 minutes?

Mr. CRAIG. I asked for 10.

Mr. KYL. Mr. President, I will certainly not object, although that will wipe out my opportunity to speak, as I understand it.

Mr. CRAIG. Reclaiming my time, let me ask for no more than 3 minutes. Would that accommodate the Senator from Arizona?

Mr. KYL. I am sure it would. I know there are other Senators who are to follow beginning at a particular time. That would be very helpful. I certainly don't want to interrupt the Senator from Idaho because I know he has very important comments to make.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CRAIG. As I said, I am pleased to rise today to support introduction of the National Energy Security Act of

2001. At the request of the Majority Leader during the last Congress, Senator MURKOWSKI and other Senators began the process of developing a solution to the energy ''fix'' in which we found ourselves beginning in late 1999.

Back then, OPEC cut crude oil production to force up world oil prices. It worked—oil prices rose quickly from about $12 per barrel and hit a high of about $32 per barrel last spring.

Our motorists were worried about the increasing cost of gasoline and truckers were concerned about rising fuel oil prices. Also, residential customers in the Northeast watched as their home heating oil bills skyrocketed.

In the past dozen months the situation has worsened. Gasoline, fuel oil, and home heating oil prices remain high. Natural gas prices have tripled to about $6.00 per million Btu's (British Thermal Units). Natural gas production has remained static even though the number of drilling rigs looking for gas has tripled over the last year. Further, natural gas in storage is just above 1 billion cubic feet, about half of what is usually in storage this time of year. Residential gas customers in some parts of the Nation have seen their winter heating bills triple.

Wholesale electricity prices have risen significantly. In California, which is experimenting with a flawed electricity deregulation effort, electricity prices have been as high as $300 per megawatt hour (MwH) on the spot market.

That's about 30 cents per kilowatt hour or about 5 times what investor owned utilities in California are allowed to charge their customers.

Southern California Edison and Pacific Gas and Electric Company are staggering under more than $10 billion in unpaid bills for power.

California, due to a shortage of in-state power generating facilities has been forced to import power from as far away as Texas and the Pacific Northwest. Power supplies in the Northwest are scarce and competition for supplies and fear that the California Utilities will be unable to pay their bills has forced up retail electricity prices in Oregon, Washington and my home state of Idaho.

When the previous administration arrived in 1993 it announced its intent to drastically alter the way the Nation used energy, especially fossil fuels.

President Clinton argued that a broad based Btu tax would force us away from coal, oil and natural gas to renewable energy from solar, wind and biomass—that objective has remained a hallmark of that administration's ''energy policy.''

The President promised the tax would raise nearly $72 billion over five years (1994–1998) and marketed it as fair, helpful to the environment, that it would force down our dependence on foreign oil, and would have trivial impacts on consumers.

In fact, it would have unfairly punished energy intensive states and industries. Estimates by the American Petroleum Institute and National Association of Manufacturers at the time predicted the tax would hurt exports, reduce GDP by $38 billion, and destroy as many as 700,000 American jobs.

The administration claimed the tax was needed to balance the budget and fund large new spending programs to offset the negative impacts of the tax.

They also claimed that crude oil imports would decline by 400,000 barrels per day.

At the same time, DOE's own projections predicted the tax would shave oil import growth by less than one-tenth after 10 years. DOE predicted that by the year 2000, Americans still would depend on foreign oil for three-fifths of their total crude oil requirements.

API testified: ''. . . even if imports were to fall by the full 400,000 barrels a day claimed by the administration, the cost of $34 billion in lost GDP is excessive relative to other alternatives for improving energy security. Using the administration's optimistic predictions, the cost of the Btu tax works out to about $230 per barrel.''

In the end, Congress refused to accept the Clinton administration's efforts to tax our relatively inexpensive energy sources to finance their grandiose tax and spend social agenda. Congress did agree to raise taxes on transportation fuels by 4.3 cents per gallon, a move Republicans tried to reverse during the 106th Congress.

The past administration's obsession to reduce fossil fuel use as much as possible has put us in the position we find ourselves today. President Clinton said on March 7, 2000 at the White House:

> . . . Americans should not want them [oil prices] to drop to $12 or $10 a barrel again because that . . . takes our mind off our business, which should be alternative fuels, energy conservation, reducing the impact of all this on global warming.

Since they came to office in 1993: Domestic oil production is down 17 percent; domestic crude oil consumption is up 14 percent; and dependence on foreign sources of crude oil has risen to 56 percent of total crude requirements.

By comparison, in 1973, during the Arab oil embargo, our dependence on foreign crude was 36 percent of our total crude oil requirements.

The past administration's failure to encourage domestic oil production and production of coal and natural gas has lead us to this point. That administration refused to acknowledge that vast reserves of oil and gas offshore, in Alaska and in the Rocky Mountain overthrust area should play a role in reducing our dependence on imported oil.

The Clinton administration in 2000 announced a ban on future exploration on most of the federal outer continental shelf until 2012.

In 1996 the Administration resorted used the Antiquities Act to create the Grant Staircase/Escalante Monument thereby dening access to about 23 billion tons of mineable coal reserves in Utah.

The U.S. Forest Service has issued road construction policies that are designed to restrict the energy industry's ability to explore for oil and gas on Forest Service lands.

Former President Clinton vetoed legislation in 1995 that would have opened the Coastal Plain of the remote Alaska National Wildlife Reserve denying the nation access to an estimated 16 billion barrels of domestic crude oil—which could amount to production of 1.5 million barrels per day over the next 20 years—about 10 percent of daily U.S. consumption.

The Clinton administration ignored a report prepared by the National Petroleum Council, requested by the Energy Secretary, explaining how the nation can increase production and use of domestic natural gas resources from about 22 trillion cubic feet per year to more than 30 trillion cubic feet per year over the next 10 to 12 years.

The past administration showed little interest in solving our domestic energy problems even as foreign oil producers have forced crude oil prices to over $30 per barrel and gasoline prices to almost $2.00 per gallon—double prices of only little more than a year ago.

Mr. President, the past administration has acted in other ways designed to force us away from the use of readily available, relatively inexpensive fossil fuels, nuclear energy and hydropower. It chose especially to vilify and deny the use of our most abundant national energy resource—coal.

The U.S. has the world's largest demonstrated coal reserve base and accounts for more than 90 percent of our total fossil energy reserves.

At present rates of recovery and use, U.S. reserves will last more than 270 years.

Coal is used to generate over 56 percent of our electricity supply—and about 88 percent of the Midwest's electricity needs.

Electricity from hydro represents about 10 to 12 percent of our electricity needs.

Nuclear powerplants meet about 20 percent of our total electricity demand. Yet the past administration had a dim view of these sources and took steps to reduce their use.

For example, former Interior Secretary Bruce Babbitt talked openly about ''tearing down dams'' in the West to restore habitat for fish, ignoring the power and transportation benefits they provide. And, the past administration imposed new, often impossible criteria that must be met before federal licenses can be reissued. Many existing hydro projects will seek relicensing over the next several decades.

The past administration also vetoed legislation designed to create a permanent nuclear waste storage facility and which fulfills a longstanding promise by the federal government to create such a facility. Without a federal storage facility, U.S. nuclear generating stations, which are running out of onsite storage capacity may be forced to begin shutting down some operations.

There are too many more examples of the past administration's failure to produce a coherent, balanced national energy plan. The result of this failure is tight energy supplies and high prices.

Solving these problems requires tough choices and I suggest that we begin now by pursuing a number of short and long term objectives. I think the bill we are introducing today addresses these challenges.

Mr. President, I want to touch briefly on two aspects that are of great concern to me and my fellow Idahoans. Chairman MURKOWSKI has already gone through it in some detail.

The bill contains provisions of great importance to the future of nuclear energy, which currently accounts for about twenty percent of U.S. electricity demand. Nuclear energy is a clean, safe, reliable technology which provides baseload power at low cost. The increase in natural gas prices has shown us the danger of relying on natural gas for all of our new electricity generation.

Other countries have adopted the advanced nuclear technologies developed in this country and are putting them to use. In fact there is much excitement in the energy industry over plans to build a new type of nuclear plant—called ''pebble bed reactor''—in South Africa. I believe at some point in the future we will once again appreciate the value of non-emitting energy such as nuclear, and choose to construct additional nuclear generating facilities in the U.S. For this reason, I am working with my colleague, Senator DOMENICI, to develop other proposals regarding the nuclear energy option and we hope to have additional legislation soon for the Senate to consider.

The legislation also provides important tax incentives to encourage the use of geothermal energy. I have personal experience with what a wonderful role geothermal can play in our energy mix because the Idaho Statehouse in Boise and other buildings in the downtown area are heated with geothermal energy.

In the right applications, geothermal is a clean, efficient energy source available for our use and because there are no ongoing fuel costs and relatively inexpensive maintenance costs, after the initial capital investment, it is a very low cost energy option.

Finally, Mr. President, I want to address the matter of power from hydroelectric facilities, upon which the Pacific Northwest is highly dependent. The relicensing process for hydroelectric facilities is becoming increasingly costly and time-consuming. It now takes more than five years to relicense a facility—up from only 9 months in 1980 according to the Federal Energy Regulatory Commission.

Hydropower currently accounts for about 12 percent of the electricity generated in the United States and it produces that power without air pollution or the greenhouse gas emissions.

Under current law, several federal agencies are required to set conditions for licenses without regard to the effects those conditions have on project economics, energy benefits, impacts on greenhouse gas emissions and values protected by other statutes and regulations. Far too often the relicensing process is plagued with agency disagreements and inconsistent demands.

A very large number of public and privately owned hydro facilities will be up for relicensing over the next ten years. Some may be abandoned if the relicensing process becomes prohibitively expensive and time-consuming. The legislation being introduced today will help streamline the process and make the involved agencies more fully accountable for their decisions.

The legislation does not change or modify any existing environmental laws, nor does it remove regulatory authority from various agencies. It does not call for the repeal of mandatory conditions on a FERC issued license.

It is clear to me and many of my colleagues that hydropower is at risk and one of our most important tasks here in the Senate is to develop policies that lead to an energy strategy that will ensure an adequate supply of reasonably priced, reliable energy to all Americans in an environmentally responsible manner. The relicensing of non-federal hydropower can and should continue to be an important strategy.

In addition, we should work with our Western Hemisphere neighbors to help them increase their crude oil and natural gas production.

We should provide relief to consumers by eliminating the 4.3 cents a gallon tax on motor gasoline enacted in 1993.

We need to step away from punitive, command and control environmental regulations and move toward performance based regulatory concepts that offer the regulated community opportunities to find flexible approaches to reducing emissions of legally regulated contaminants.

We must carefully assess the capabilities of our energy production and delivery systems to find opportunities to improve system productivity, efficiency and reliability.

We must ensure that sufficient funds are available to help those with lower incomes to weatherize their homes and pay their energy bills.

While renewable energy sources provide only about 3 percent of total U.S. demand for energy, we should continue to provide incentives for our citizens to use wind, solar, and other renewables.

We should encourage motor vehicle manufacturers to ensure that consumers have access to safe and highly efficient cars and trucks.

We must realize that we are part of the problem. Our unwillingness to develop our own abundant oil, gas and coal resources dooms us to greater dependence on foreign sources, especially for crude oil. We must make the conscious choice to carefully find and develop our resources while protecting our environment.

I conclude by drawing attention to a portion of this bill that is increasingly valuable; that is the area of new technology. Some who will argue against this bill would suggest that it is merely a reason to fall back to our habits of old. That is not true. We want to and will continue to fund the new technology, much of it started in the decade of the 1990s. It is clearly important. We are not always going to have hydrocarbons around, and we should not be that dependent upon them. But in the short term, in the next several decades, as we are using our resources and fueling our economy, we need to look at nuclear technology and new clean coal technology so we can use the abundance of these resources and in an environmentally sound way.

In my State of Idaho, we are dependent on hydropower. There are many, including the past administration and many of their devotees, who would suggest the dams on those rivers that produce that clean source of energy, nonpolluting, nongreenhouse gas-emitting, that those dams ought to be breached. They insist that if the dams are not removed then they ought to be regulated in a much more stringent way. In fact, the licensing process the Federal Energy Regulatory Commission has as a part of its responsibility to renew these hydro facilities is one that I am working on. And within this legislation is a reform of the licensing process, not to change it and take stakeholders or interested parties away from it, but to ask them to perform their responsibilities in a timely fashion and in a responsible fashion.

Why should it take 10 years to relicense a hydro facility and cost millions upon millions of dollars that ultimately the consumer has to pay? If it needs retrofitting, if it needs improvement of technology for environmental reasons, those are conclusions that can be drawn in a reasonably quick way, and managed responsibly, so that we can balance out our energy needs.

The legislation the Senate now has before us will be coupled with the work the Bush administration is doing now through their Cabinet level working group. This administration wants an

energy policy, too, and it is their goal to produce one for the American people.

Our economy depends on an abundant supply of environmentally sound, relatively low-cost energy. It is the wealth of our country. It is what drives this marvelous economic engine of ours. And it does something very simple—it puts money in the pocketbook of the worker. It turns the lights on in his or her home. It helps educate our children. It does all of the wonderful things we in America have grown to expect.

Why should we suggest that we ought to have anything less if we can do it with the environment in mind and at a relatively low cost. That can be accomplished in a policy in which the Federal Government promotes the concept of energy production instead of setting up one trip wire after another to disallow it from happening.

I look forward to the coming debate. I think it is critical that all of us get ourselves involved and educated in the issues at hand.

These two pieces of legislation go a long way toward allowing that to happen.

The PRESIDING OFFICER. The Senator from Arizona is recognized.

Mr. KYL. Mr. President, I compliment the Senator from Idaho on the points he was making. I look forward to joining him in tackling this very difficult problem of making some sense out of our national energy policy. Senator CRAIG has the expertise to lead us, along with Senator MURKOWSKI. I will be looking forward to joining them in that effort.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

ENERGY POLICY

Mr. BINGAMAN. Mr. President, I rise to speak about the subject of energy, the energy prospects we face as a nation, and the need to develop new energy policies here in this Congress. The United States is currently experiencing unusually high and volatile energy prices. We have seen that in my State of New Mexico, and I assume we have seen that in the State of Florida, where the Presiding Officer lives.

During most of the 1990s, in spite of robust economic growth and increased demand for energy, increased productivity, and reduction in energy use per dollar of gross domestic product, along with the introduction of market competition, all of those factors acted to hold down prices, but now we have finally exhausted the buffer of excess capacity that kept the system functioning with low prices and relatively minor bumps along the way. So that excess capacity is gone, and there are a number of factors and circumstances that have contributed to the current situation we face—the situation of inadequate supply, too much demand.

Remedies are not as apparent as some would argue. The Republican energy package, which was introduced today by my colleague, Senator MURKOWSKI, contains a number of provisions that I and many Democrats, I am sure, would be glad to support. In fact, many of those proposals are similar to, if not the same as, provisions originally introduced by Democrats in the last Congress. Much of what has been introduced today involves proposals to change the tax laws; and in some cases those proposals are meritorious; in other cases, they are not an adequate substitute for changes in actual energy policy.

Just last week, President Bush made a very strong statement about tax policy and his determination not to modify his income tax proposals with other unrelated tax measures. This bill that was introduced today, with over 180 pages of tax proposals, seems to reflect some disconnect between the administration's views on the subject of tax provisions directed or targeted at this particular industry and the views of some of my colleagues on the Republican side in the Senate.

I had hoped, and still hope, we can proceed on a bipartisan and collaborative basis to develop solutions to these critical problems. I strongly believe that a package with equal emphasis on both supply and demand measures, developed with bipartisan support, is the only way we can pass responsible energy legislation in this Congress. I hope we can proceed with the input of this new administration and with the input from the States and various stakeholders to develop such consensus legislation.

It is important to step back and look at the current context. The restructured electricity and natural gas markets of today pose very different public policy challenges from the old regulatory models. Ever-increasing consumer demand for transportation fuels, compounded by the recession in Asia and subsequent determination by OPEC to actively intervene in the market, has increased the volatility and high prices of oil and natural gas.

As the economic growth of recent years has used up the excess capacity in the fuels, power, and natural gas sectors, the frictions and imperfections in those markets have become very apparent.

The old model of split responsibility between States and the Federal Government is no longer adequate. We need new mechanisms and policies to address regional needs and circumstances. We need a new model for ensuring short-term and long-term energy demand and supply needs and managing weather-related and supply emergencies.

There are several regional energy boards and various planning commissions that could be reviewed as models for new legislation in this area. In consultation with the States, we need to determine how to ensure regional entities have adequate authority to do what is needed in those regions. We should evaluate whether an additional grant of authority from the Federal Government or a specific authorization of responsibility should be written into Federal statute.

I will speak for a moment about infrastructure needs. Electric transmission lines, natural gas and oil pipelines, powerplants, and refineries have all become increasingly difficult to site. The No. 1 problem is not environmental permitting, as some persistently argue in public debate today. As our society has become increasingly urbanized and congested, local communities have become increasingly active in opposing the siting of new infrastructure, and tax incentives do not address this major hurdle.

Certainly the environmental rules governing the permitting process could be streamlined to expedite processing and facilitate investments in new technologies not in the marketplace when the existing rules were written. We should consider the possibility of siting new infrastructure on existing rights-of-way or at Federal facilities or on brownfields.

We also need to evaluate whether incentives or different policies at the State or Federal level are necessary to ensure adequate investment in new capacity. Overemphasis on short-term and spot contracts compounded by ongoing uncertainty with respect to the future regulatory environment have had a stifling effect upon investment. We need to develop a consensus on policies that provide greater certainty and a mechanism to address the public's growing resistance to siting new facilities.

On the subject of supply diversity and efficiency, the counter to major new infrastructure projects is to emphasize increasing energy efficiency and development of smaller distributed generation. We need to enact national standards and policies for interconnection of distributed generation technologies to ensure diversity of fuels and technologies for the future. Commercial investment in new technologies and nonconventional fuels will require some degree of additional incentives. I introduced legislation in the last Congress to address these issues, and I am pleased to see similar provisions included in this Republican legislation today.

Increasing the efficient use of energy is the single most effective and least-cost policy for both the short term and the long term. Investments in more energy-efficient lighting, more energy-efficient appliances, and more energy-efficient buildings generate benefits in terms of energy savings, emission reductions, and human health improvements. Improvements to installation